

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2017/2018

BFN1014 – FINANCIAL MANAGEMENT 1

(All sections / Groups)

31 MAY 2018
2.30 pm – 4.30 pm
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of (9) NINE pages excluding cover page.
2. **SECTION A: 20 Multiples Choice Questions.** Please shed your answer in the OMR sheet provided.
SECTION B: 4 Structured Questions. Answer **ALL FOUR** questions in the answer booklet provided.
3. Marks allocations are shown at the end of each question.

SECTION A: MULTIPLE CHOICES QUESTIONS (40%)

1. Holders of equity capital
 - (a) own the firm.
 - (b) receive interest payments.
 - (c) receive guaranteed income.
 - (d) have loaned money to the firm.

2. _____ are promised a fixed periodic dividend that must be paid prior to paying any common stock dividends.
 - (a) Preferred stockholders
 - (b) Common stockholders
 - (c) Bondholders
 - (d) Creditors

3. Dividends in arrears that must be paid to the preferred stockholders before payment of dividends to common stockholders are
 - (a) cumulative.
 - (b) noncumulative.
 - (c) participating.
 - (d) convertible.

4. If a person's required return decreases for an increase in risk, that person is said to be
 - (a) risk-seeking.
 - (b) risk-indifferent.
 - (c) risk-averse.
 - (d) risk-aware.

5. _____ is the chance of loss or the variability of returns associated with a given asset.
 - (a) Return
 - (b) Value
 - (c) Risk
 - (d) Probability

Continued...

6. Systematic risk is also referred to as
- (a) diversifiable risk.
 - (b) economic risk.
 - (c) nondiversifiable risk.
 - (d) not relevant.
7. The _____ is the rate of return required by the market suppliers of capital in order to attract their funds to the firm.
- (a) yield to maturity
 - (b) internal rate of return
 - (c) cost of capital
 - (d) gross profit margin
8. _____ is the risk to the firm of being unable to cover financial obligations.
- (a) Total risk
 - (b) Business risk
 - (c) Financial risk
 - (d) Diversifiable risk
9. The _____ is a weighted average of the cost of funds which reflects the interrelationship of financing decisions.
- (a) risk premium
 - (b) nominal cost
 - (c) cost of capital
 - (d) risk-free rate
10. The _____ is the exact amount of time it takes the firm to recover its initial investment.
- (a) average rate of return
 - (b) internal rate of return
 - (c) net present value
 - (d) payback period

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11. A firm is evaluating a proposal which has an initial investment of RM35,000 and has cash flows of RM10,000 in year 1, RM20,000 in year 2, and RM10,000 in year 3. The payback period of the project is
- (a) 1 year.
 - (b) 2 years.
 - (c) between 1 and 2 years.
 - (d) between 2 and 3 years.
12. The _____ is the discount rate that equates the present value of the cash inflows with the initial investment.
- (a) payback period
 - (b) average rate of return
 - (c) cost of capital
 - (d) internal rate of return
13. The first step in the capital budgeting process is
- (a) review and analysis.
 - (b) implementation.
 - (c) decision-making.
 - (d) proposal generation.
14. A firm with limited dollars available for capital expenditures is subject to
- (a) capital dependency.
 - (b) mutually exclusive projects.
 - (c) working capital constraints.
 - (d) capital rationing.
15. If a firm's variable costs per unit increase, the firm's operating breakeven point will
- (a) decrease.
 - (b) increase.
 - (c) remain unchanged.
 - (d) change in an undetermined direction.

Continued...

16. In working capital management, risk is measured by the probability that a firm will become
- (a) liquid.
 - (b) technically insolvent.
 - (c) unable to meet long-term obligations.
 - (d) less profitable.
17. The per dollar contribution toward fixed operating costs and profits provided by each dollar of sales is the
- (a) profit margin.
 - (b) contribution margin.
 - (c) expense ratio.
 - (d) fixed coverage ratio.
18. In general, the more working capital a firm has,
- (a) the greater its risk.
 - (b) the lower its risk.
 - (c) the less likely are creditors to lend to the firm.
 - (d) the lower its level of long-term funds.
19. _____ are liabilities for services received for which payment has yet to be made. The most common accounts are taxes and wages.
- (a) Notes payable
 - (b) Accruals
 - (c) Accounts payable
 - (d) Accounts receivable
- 20) 1/15 net 30 date of invoice translates as
- (a) a 1 percent cash discount may be taken if paid in 15 days; if no cash discount is taken, the balance is due in 30 days after the middle of the month.
 - (b) a 1 percent cash discount may be taken if paid in 15 days; if no cash discount is taken, the balance is due 30 days after the invoice date.
 - (c) a 1 percent cash discount may be taken if paid in 15 days; if no cash discount is taken, the balance is due 30 days after the end of the month.
 - (d) a 1 percent discount may be taken on 15 percent of the purchase if the account is paid within 30 days after the end of the month.

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Section B: Structured Questions (60%). Answer ALL the questions.**Question 1 (15 marks)**

- (a) A firm has an expected dividend next year of RM3.60 and a required return of 12 percent. Calculate the value of a share of common stock assuming a zero growth rate of dividends. (5 marks)
- (b) The Upin Company has been very successful in the past four years. Over these years, it paid common stock dividend of RM4 in the first year, RM4.20 in the second year, RM4.41 in the third year, and its most recent dividend was RM4.63. The company wishes to continue this dividend growth indefinitely. What is the value of the company's stock if the required rate of return is 12 percent? (10 marks)

Question 2 (15 marks)

- (a) What is the Net Present Value (NPV) for the following project if its cost of capital is 15 percent and its initial after tax cost is RM5,000,000 and it is expected to provide after-tax operating cash inflows of RM1,800,000 in year 1, RM1,900,000 in year 2, RM1,700,000 in year 3 and RM1,300,000 in year 4? (10 marks)
- (b) A firm has an average age of inventory of 101 days, an average collection period of 49 days, and an average payment period of 60 days. Calculate the firm's cash conversion cycle. (5 marks)

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Question 3 (15 marks)

A firm has determined its optimal capital structure, which is composed of the following sources and target market value proportions:

Source of Capital	Target Market Proportions
Long-term debt	30 %
Preferred stock	5 %
Common stock equity	65 %

Debt: The firm can sell a 20-year, RM1,000 par value, 9 percent bond for RM980. A flotation cost of 2 percent of the face value would be required in addition to the discount of RM20.

Preferred Stock: The firm has determined it can issue preferred stock at RM65 per share par value. The stock will pay an RM8.00 annual dividend. The cost of issuing and selling the stock is RM3 per share.

Common Stock: The firm's common stock is currently selling for RM40 per share. The dividend expected to be paid at the end of the coming year is RM5.07. Its dividend payments have been growing at a constant rate for the last five years. Five years ago, the dividend was RM3.45. It is expected that to sell, a new common stock issue must be underpriced at RM1 per share and the firm must pay RM1 per share in flotation costs. Additionally, the firm's marginal tax rate is 40 percent.

Calculate the firm's weighted average cost of capital assuming the firm has exhausted all retained earnings. (15 marks)

Question 4 (15 marks)

- (a) What is the expected risk-free rate of return if asset X, with a beta of 1.5, has an expected return of 20 percent, and the expected market return is 15 percent? (5 marks)
- (b) Ralph's Ratchets Corporation purchased ratchets rotator one year ago for RM6,500. During the year it generated RM4,000 in cash flow. If Ralph sells it, he could receive RM6,100 for it. What is Ralph Ratchets' rate of return? (5 marks)
- (c) ABC Corporation was extended credit terms of 3/15 net 30 EOM. Calculate the cost of giving up the cash discount, assuming payment would be made on the last day of the credit period. (5 marks)

End of Page

BFN1014 Financial Management I
Selected Formulas

$$P_0 = \frac{D_1}{r_s - g}$$

$$NPV = \sum_{t=1}^N \frac{CF_t}{(1+r)^t} - CF_0$$

$$r_d = \frac{I + \frac{1000 - N_d}{n}}{\frac{N_d + 1000}{2}}$$

$$WACC (r_a) = w_i r_i + w_p r_p + w_s r_{sORn}$$

$$DOL \text{ at base sales level } Q = \frac{Q \times (P - VC)}{Q \times (P - VC) - FC}$$

$$DFL \text{ at base EBIT} = \frac{EBIT}{EBIT - I - (PD \times 1/[1 - T])}$$

$$EOQ = \sqrt{\frac{2 \times S \times O}{C}}$$

$$OC = AAI + ACP$$

$$CCC = OC - APP$$

$$\text{Cost of giving up cash discount} = \frac{CD}{100\% - CD} \times \frac{365}{N}$$

Present Value and Future Value Tables

Table A-1 Future Value Interest Factors for One Dollar Compounded at k Percent for n Periods: $FVIF_{k,n} = (1 + k)^n$

Period	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	11%	12%	13%	14%	15%	16%	20%	24%	25%	30%
1	1.0100	1.0200	1.0300	1.0400	1.0500	1.0600	1.0700	1.0800	1.0900	1.1000	1.1100	1.1200	1.1300	1.1400	1.1500	1.1600	1.2000	1.2400	1.2500	1.3000
2	1.0201	1.0404	1.0609	1.0816	1.1025	1.1236	1.1449	1.1664	1.1881	1.2100	1.2321	1.2544	1.2769	1.2996	1.3225	1.3456	1.4400	1.5376	1.5625	1.6900
3	1.0303	1.0612	1.0927	1.1249	1.1576	1.1910	1.2250	1.2597	1.2950	1.3310	1.3676	1.4049	1.4429	1.4815	1.5209	1.5609	1.7280	1.9068	1.9531	2.1970
4	1.0406	1.0824	1.1255	1.1699	1.2155	1.2625	1.3108	1.3605	1.4116	1.4641	1.5181	1.5735	1.6305	1.6890	1.7490	1.8106	2.0736	2.3642	2.4414	2.8561
5	1.0510	1.1041	1.1593	1.2167	1.2763	1.3382	1.4026	1.4693	1.5386	1.6105	1.6851	1.7623	1.8424	1.9254	2.0114	2.1003	2.4883	2.9316	3.0518	3.7129
6	1.0616	1.1262	1.1941	1.2653	1.3401	1.4185	1.5007	1.5869	1.6771	1.7716	1.8704	1.9738	2.0820	2.1950	2.3131	2.4364	2.9860	3.6352	3.8147	4.8268
7	1.0721	1.1487	1.2299	1.3159	1.4071	1.5036	1.6058	1.7138	1.8280	1.9497	2.0782	2.2147	2.3596	2.5023	2.6529	2.8114	3.5332	4.5077	4.7684	6.2499
8	1.0829	1.1717	1.2668	1.3686	1.4775	1.5938	1.7182	1.8509	1.9926	2.1436	2.3045	2.4760	2.6584	2.8526	3.0590	3.2784	4.2998	5.5895	5.9605	8.1573
9	1.0937	1.1951	1.3048	1.4233	1.5513	1.6895	1.8385	1.9990	2.1719	2.3579	2.5580	2.7731	3.0040	3.2519	3.5179	3.8030	5.1598	6.9310	7.4506	10.604
10	1.1046	1.2190	1.3439	1.4802	1.6289	1.7908	1.9672	2.1589	2.3674	2.5937	2.8394	3.1058	3.3946	3.7072	4.0456	4.4114	6.1917	8.5944	9.3132	13.786
11	1.1157	1.2434	1.3842	1.5395	1.7103	1.8983	2.1049	2.3316	2.5804	2.8531	3.1518	3.4785	3.8359	4.2282	4.6524	5.1173	7.4301	10.657	11.642	17.922
12	1.1268	1.2682	1.4258	1.6010	1.7959	2.0122	2.2522	2.5182	2.8127	3.1364	3.4985	3.8960	4.3345	4.8178	5.3503	5.9369	8.9161	13.215	14.552	23.298
13	1.1381	1.2936	1.4685	1.6651	1.8856	2.1329	2.4098	2.7196	3.0658	3.4523	3.8833	4.3635	4.8980	5.4924	6.1528	6.8858	10.899	16.386	18.190	30.288
14	1.1495	1.3195	1.5126	1.7317	1.9799	2.2609	2.5785	2.9372	3.3417	3.7975	4.3104	4.8871	5.5348	6.2613	7.0757	7.9875	12.839	20.319	22.737	39.374
15	1.1610	1.3459	1.5580	1.8009	2.0789	2.3966	2.7690	3.1722	3.6245	4.1272	4.6846	5.3136	6.0243	6.8253	7.7379	8.7617	15.407	25.198	28.422	51.186
16	1.1726	1.3728	1.6047	1.8730	2.1829	2.5404	2.9522	3.4259	3.9703	4.5950	5.3109	6.1304	7.0673	8.1372	9.3576	10.748	18.488	31.243	35.527	66.642
17	1.1843	1.4002	1.6528	1.9479	2.2920	2.6928	3.1588	3.7000	4.3276	5.0545	5.8951	6.8680	7.9881	9.2765	10.761	12.468	22.188	38.741	44.409	86.504
18	1.1961	1.4282	1.7024	2.0258	2.4066	2.8543	3.3799	3.9960	4.7171	5.5599	6.5436	7.6900	9.0243	10.575	12.375	14.463	26.623	48.039	55.511	112.455
19	1.2081	1.4568	1.7535	2.1068	2.5270	3.0258	3.6105	4.3471	5.1719	6.1159	7.2633	8.6128	10.197	12.058	14.232	16.777	31.948	59.568	69.389	146.192
20	1.2202	1.4859	1.8061	2.1811	2.6533	3.2071	3.8697	4.6810	5.6044	6.7275	8.0823	9.6463	11.523	13.743	16.367	19.481	38.338	73.884	86.736	190.050
21	1.2324	1.5157	1.8803	2.2788	2.7880	3.3998	4.1406	5.0338	6.1088	7.4002	8.9492	10.804	13.021	15.688	18.822	22.574	46.005	91.592	108.420	247.065
22	1.2447	1.5460	1.9161	2.3899	2.9253	3.6035	4.4304	5.4365	6.5988	8.1403	9.9338	12.100	14.714	17.881	21.645	26.186	58.206	113.874	135.525	321.184
23	1.2572	1.5769	1.9736	2.4847	3.0715	3.8197	4.7405	5.8715	7.2579	8.9543	11.028	13.552	16.627	20.362	24.891	30.378	66.247	140.831	169.407	417.539
24	1.2697	1.6084	2.0328	2.5833	3.2251	4.0489	5.0724	6.3412	7.9111	9.8497	12.239	15.179	18.788	23.212	28.626	35.238	79.497	174.631	211.758	542.801
25	1.2824	1.6408	2.0938	2.6858	3.3864	4.2919	5.4274	6.8485	8.6231	10.835	13.585	17.000	21.231	26.462	32.919	40.874	95.396	216.542	264.688	705.641
30	1.3478	1.8114	2.4273	3.2434	4.3219	5.7435	7.8123	10.063	13.258	17.448	22.892	29.980	39.116	50.950	66.212	85.860	237.376	634.820	807.784	*
35	1.4166	1.9999	2.8139	3.9481	5.5160	7.8861	10.677	14.785	20.414	28.102	38.576	52.800	72.069	98.160	133.176	180.314	590.668	*	*	*
36	1.4308	2.0399	2.8983	4.1039	5.7918	8.1473	11.424	15.968	22.251	30.813	42.518	58.136	81.437	111.834	153.152	209.184	708.802	*	*	*
40	1.4889	2.2080	3.2620	4.8010	7.0400	10.285	14.974	21.725	31.409	45.299	65.001	93.051	132.782	198.894	267.864	378.721	*	*	*	*
50	1.6446	2.6916	4.3839	7.1067	11.487	18.420	28.457	46.902	74.358	117.391	184.565	289.002	450.736	700.233	*	*	*	*	*	*

Table A-2 Future Value Interest Factors for a One-Dollar Annuity Compounded at k Percent for n Periods: $FVIFA_{k,n} = [(1 + k)^n - 1] / k$

Period	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	11%	12%	13%	14%	15%	16%	20%	24%	25%	30%
1	1.0000	1.0200	1.0300	1.0400	1.0500	1.0600	1.0700	1.0800	1.0900	1.1000	1.1100	1.1200	1.1300	1.1400	1.1500	1.1600	1.2000	1.2400	1.2500	1.3000
2	2.0100	2.0200	2.0300	2.0400	2.0500	2.0600	2.0700	2.0800	2.0900	2.1000	2.1100	2.1200	2.1300	2.1400	2.1500	2.1600	2.2000	2.2400	2.2500	2.3000
3	3.0301	3.0604	3.0909	3.1216	3.1525	3.1836	3.2149	3.2464	3.2781	3.3100	3.3421	3.3744	3.4069	3.4396	3.4725	3.5056	3.6400	3.7776	3.8125	3.9900
4	4.0604	4.1216	4.1836	4.2465	4.3101	4.3746	4.4399	4.5061	4.5731	4.6410	4.7097	4.7793	4.8498	4.9211	4.9934	5.0666	5.3680	5.6842	5.7656	6.1870
5	5.1010	5.2040	5.3091	5.4163	5.5256	5.6371	5.7507	5.8666	5.9847	6.1051	6.2278	6.3528	6.4803	6.6101	6.7424	6.8771	7.4418	8.0484	8.2070	9.0431
6	6.1520	6.3081	6.4684	6.6330	6.8019	6.9753	7.1533	7.3359	7.5233	7.7156	7.9129	8.1162	8.3227	8.5355	8.7537	8.9776	9.9299	10.989	11.259	12.756
7	7.2135	7.4343	7.6625	7.8983	8.1420	8.3936	8.6540	8.9228	9.2004	9.4872	9.7833	10.089	10.405	10.730	11.067	11.414	12.916	14.615	15.073	17.583
8	8.2857	8.5830	8.8923	9.2142	9.5491	9.8975	10.260	10.637	11.028	11.436	11.859	12.300	12.767	13.253	13.757	14.240	16.499	19.123	19.842	23.858
9	9.3885	9.7546	10.159	10.583	11.027	11.481	11.978	12.488	13.021	13.579	14.164	14.776	15.418	16.088	16.786	17.519	20.799	24.712	25.802	32.015
10	10.462	10.950	11.464	12.006	12.578	13.181	13.816	14.487	15.193	15.937	16.722	17.549	18.420	19.337	20.304	21.321	25.959	31.643	33.253	42.619
11	11.567	12.169	12.808	13.486	14.207	14.972	15.784	16.645	17.560	18.531	19.561	20.655	21.814	23.045	24.349	25.733	32.150	40.238	42.566	56.405
12	12.683	13.412	14.192	15.026	15.917	16.870	17.888	18.977	20.141	21.384	22.713	24.133	25.650	27.271	29.002	30.850	39.581	50.895	54.208	74.327
13	13.809	14.680	15.618	16.627	17.713	18.882	20.141	21.495	22.953	24.523	26.212	28.029	29.985	32.089	34.352	36.786	48.497	64.110	68.780	97.625
14	14.947	15.974	17.086	18.292	19.599	21.015	22.550	24.215	26.019	27.975	30.095	32.393	34.883	37.561	40.505	43.672	59.186	80.486	86.949	127.913
15	16.097	17.293	18.599	20.024	21.579	23.276	25.129	27.152	29.361	31.772	34.405	37.280	40.417	43.842	47.580	51.660	72.035	100.815	109.687	167.286
16	17.258	18.639	20.157	21.825	23.657	25.673	27.888	30.324	33.003	35.950	39.190	42.753	46.672	50.980	55.717	60.925	87.442	126.011	138.109	218.472
17	18.430	20.012	21.762	23.698	25.840	28.213	30.840	33.750	36.974	40.545	44.501	48.884	53.739	59.118	65.075	71.673	105.931	157.253	173.636	285.014
18	19.615	21.412	23.414	25.645	28.132	30.906	33.999	37.450	41.301	45.599	50.398	55.750	61.725	68.394	75.836	84.141	128.117	195.994	218.045	371.518
19	20.811	22.841	25.117	27.671	30.539	33.760	37.379	41.448	46.018	51.159	56.939	63.440	70.748	78.969	88.212	98.603	154.740	244.033	273.556	483.973
20	22.019	24.297	26.870	29.778	33.066	36.786	40.995	45.762	51.160	57.275	64.203	72.052	80.947	91.025	102.444	115.380	186.688	303.601	342.945	630.165
21	23.239	25.783	28.576	31.969	35.719	39.993	44.865	50.423	56.765	64.002	72.265	81.699	92.470	104.768	118.810	134.841	225.026	377.465	429.681	820.216
22	24.472	27.299	30.537	34.248	38.505	43.392	49.006	55.457	62.873	71.403	81.214	92.503	105.491	120.436	137.532	157.415	271.031	469.056	538.101	*
23	25.716	28.845	32.553	36.818	41.430	46.986	53.436	60.893	69.532	79.543	91.148	104.603	120.205	138.297	159.276	183.601	326.237	582.630	673.626	*
24	26.973	30.422	34.426	39.083	44.502	50.816	58.177	66.765	76.790	88.497	102.174	118.155	136.831	158.699	184.168	213.978	392.484	723.461	843.033	*
25	28.243	32.030	36.459	41.646	47.727	54.865	63.249	73.105	84.701	98.347	114.413	133.334	155.620	181.871	212.793	249.214	471.981	898.092	*	*
26	29.527	33.899	38.800	44.400	51.000	59.000	69.000	80.000	93.000	108.000	125.000	144.000	165.000	189.000	217.000	250.000	480.000	900.000	*	*
27	30.825	35.880	41.350	47.400	54.500	63.000	73.500	85.500	99.500	116.000	135.000	156.000	179.000	205.000	235.000	270.000	500.000	950.000	*	*
28	32.137	37.450	43.400	49.900	57.500	66.500	77.500	90.000	105.000	123.000	144.000	167.000	193.000	221.000	253.000	290.000	530.000	1000.000	*	*
29	33.463	38.990	45.400	52.000	60.000	69.500	81.000	94.000	110.000	128.000	150.000	174.000	201.000	231.000	265.000	305.000	570.000	1100.000	*	*
30	34.785	40.568	47.575	55.085	63.639	73.508	85.461	112.283	136.308	164.494	199.021	241.333	293.199	356.787	434.745	530.312	*	*	*	*
35	41.680	49.994	60.462	73.652	90.320	111.435	138.237	172.317	215.711	271.024	341.590	431.663	546.681	693.573	881.170	*	*	*	*	*
36	43.077	51.994	63.276	77.598	95.836	119.121	148.913	187.102	236.125	299.127	380.164	484.463	616.749	791.673	*	*	*	*	*	*
40	48.886	60.402	75.401	95.026	120.800	154.762	199.635	259.057	337.882	442.593	581.826	767.091	*	*	*	*	*	*	*	*
50	64.663	84.579	112.797	152.667	209.348	290.336	406.529	573.770	815.084	*	*	*	*	*	*	*	*	*	*	*

Present Value and Future Value Tables

Table A-3 Present Value Interest Factors for One Dollar Discounted at k Percent for n Periods: $PVIF_{k,n} = 1/(1+k)^n$

Period	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	11%	12%	13%	14%	15%	16%	20%	24%	25%	30%
1	0.9901	0.9804	0.9709	0.9615	0.9524	0.9434	0.9346	0.9259	0.9174	0.9091	0.9009	0.8929	0.8850	0.8772	0.8696	0.8621	0.8333	0.8065	0.8000	0.7692
2	0.9803	0.9612	0.9428	0.9246	0.9070	0.8900	0.8734	0.8573	0.8417	0.8264	0.8116	0.7972	0.7831	0.7695	0.7561	0.7432	0.6944	0.6504	0.6400	0.5917
3	0.9706	0.9423	0.9151	0.8890	0.8638	0.8396	0.8163	0.7938	0.7722	0.7513	0.7312	0.7118	0.6931	0.6750	0.6575	0.6407	0.5787	0.5245	0.5120	0.4552
4	0.9610	0.9238	0.8885	0.8548	0.8227	0.7921	0.7629	0.7350	0.7084	0.6830	0.6587	0.6355	0.6133	0.5921	0.5718	0.5523	0.4823	0.4230	0.4096	0.3501
5	0.9515	0.9057	0.8626	0.8219	0.7835	0.7473	0.7130	0.6806	0.6499	0.6209	0.5935	0.5674	0.5428	0.5194	0.4972	0.4761	0.4019	0.3411	0.3277	0.2693
6	0.9420	0.8880	0.8375	0.7903	0.7462	0.7050	0.6663	0.6302	0.5963	0.5645	0.5346	0.5066	0.4803	0.4556	0.4323	0.4104	0.3349	0.2751	0.2621	0.2072
7	0.9327	0.8706	0.8131	0.7599	0.7107	0.6651	0.6227	0.5835	0.5470	0.5132	0.4817	0.4523	0.4251	0.3996	0.3759	0.3538	0.2791	0.2218	0.2097	0.1594
8	0.9235	0.8535	0.7894	0.7307	0.6768	0.6274	0.5820	0.5403	0.5019	0.4665	0.4339	0.4039	0.3762	0.3506	0.3269	0.3050	0.2326	0.1789	0.1678	0.1226
9	0.9143	0.8368	0.7664	0.7026	0.6446	0.5919	0.5439	0.5002	0.4604	0.4241	0.3909	0.3606	0.3329	0.3075	0.2843	0.2630	0.1938	0.1443	0.1342	0.0943
10	0.9053	0.8203	0.7441	0.6756	0.6139	0.5584	0.5083	0.4632	0.4224	0.3855	0.3522	0.3220	0.2946	0.2697	0.2472	0.2267	0.1615	0.1164	0.1074	0.0725
11	0.8963	0.8043	0.7224	0.6496	0.5847	0.5268	0.4751	0.4289	0.3875	0.3505	0.3173	0.2875	0.2607	0.2368	0.2149	0.1954	0.1346	0.0938	0.0859	0.0558
12	0.8874	0.7885	0.7014	0.6246	0.5568	0.4970	0.4440	0.3971	0.3555	0.3186	0.2858	0.2567	0.2307	0.2076	0.1869	0.1685	0.1122	0.0757	0.0687	0.0429
13	0.8787	0.7730	0.6819	0.6008	0.5303	0.4688	0.4150	0.3677	0.3262	0.2897	0.2575	0.2292	0.2042	0.1821	0.1625	0.1452	0.0935	0.0610	0.0550	0.0330
14	0.8700	0.7579	0.6611	0.5775	0.5051	0.4423	0.3878	0.3405	0.2992	0.2633	0.2320	0.2046	0.1807	0.1597	0.1413	0.1252	0.0779	0.0492	0.0440	0.0254
15	0.8613	0.7430	0.6419	0.5553	0.4810	0.4173	0.3624	0.3152	0.2745	0.2394	0.2090	0.1827	0.1599	0.1401	0.1229	0.1076	0.0649	0.0397	0.0352	0.0195
16	0.8528	0.7284	0.6232	0.5339	0.4581	0.3936	0.3387	0.2919	0.2519	0.2176	0.1883	0.1631	0.1415	0.1229	0.1089	0.0930	0.0541	0.0320	0.0281	0.0150
17	0.8444	0.7142	0.6050	0.5134	0.4363	0.3714	0.3166	0.2703	0.2311	0.1978	0.1686	0.1435	0.1252	0.1078	0.0929	0.0802	0.0451	0.0258	0.0225	0.0116
18	0.8360	0.7002	0.5874	0.4936	0.4155	0.3503	0.2959	0.2502	0.2120	0.1799	0.1528	0.1300	0.1108	0.0946	0.0808	0.0691	0.0376	0.0208	0.0180	0.0089
19	0.8277	0.6864	0.5703	0.4748	0.3957	0.3305	0.2765	0.2317	0.1945	0.1635	0.1377	0.1161	0.0981	0.0829	0.0703	0.0596	0.0313	0.0168	0.0144	0.0068
20	0.8195	0.6730	0.5537	0.4584	0.3789	0.3138	0.2598	0.2145	0.1784	0.1486	0.1240	0.1037	0.0868	0.0728	0.0611	0.0514	0.0261	0.0135	0.0115	0.0053
21	0.8114	0.6598	0.5375	0.4388	0.3589	0.2942	0.2415	0.1987	0.1637	0.1351	0.1117	0.0926	0.0768	0.0638	0.0531	0.0443	0.0217	0.0109	0.0092	0.0040
22	0.8034	0.6468	0.5219	0.4200	0.3418	0.2775	0.2257	0.1839	0.1502	0.1228	0.1007	0.0826	0.0680	0.0560	0.0462	0.0382	0.0181	0.0088	0.0074	0.0031
23	0.7954	0.6342	0.5067	0.4027	0.3256	0.2618	0.2109	0.1703	0.1378	0.1117	0.0907	0.0738	0.0601	0.0491	0.0402	0.0329	0.0161	0.0071	0.0059	0.0024
24	0.7876	0.6217	0.4919	0.3851	0.3101	0.2470	0.1971	0.1577	0.1254	0.1015	0.0817	0.0659	0.0532	0.0431	0.0349	0.0284	0.0126	0.0057	0.0047	0.0018
25	0.7798	0.6095	0.4776	0.3701	0.2953	0.2336	0.1842	0.1460	0.1160	0.0923	0.0738	0.0588	0.0471	0.0378	0.0304	0.0246	0.0105	0.0046	0.0038	0.0014
30	0.7419	0.5521	0.4120	0.3083	0.2314	0.1741	0.1314	0.0994	0.0754	0.0573	0.0437	0.0334	0.0266	0.0196	0.0151	0.0116	0.0042	0.0016	0.0012	*
35	0.7059	0.5000	0.3554	0.2534	0.1813	0.1301	0.0937	0.0676	0.0490	0.0356	0.0259	0.0189	0.0139	0.0102	0.0075	0.0055	0.0017	0.0005	*	*
36	0.6989	0.4902	0.3450	0.2437	0.1727	0.1227	0.0865	0.0608	0.0449	0.0323	0.0234	0.0169	0.0123	0.0089	0.0068	0.0048	0.0014	*	*	*
40	0.6717	0.4529	0.3066	0.2083	0.1420	0.0972	0.0668	0.0480	0.0318	0.0221	0.0154	0.0107	0.0075	0.0053	0.0037	0.0026	0.0007	*	*	*
50	0.6080	0.3715	0.2281	0.1407	0.0872	0.0543	0.0339	0.0213	0.0134	0.0085	0.0054	0.0035	0.0022	0.0014	0.0009	0.0006	*	*	*	*

Table A-4 Present Value Interest Factors for a One-Dollar Annuity Discounted at k Percent for n Periods: $PVIFA = [1 - 1/(1+k)^n] / k$

Period	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	11%	12%	13%	14%	15%	16%	20%	24%	25%	30%
1	0.9901	0.9804	0.9709	0.9615	0.9524	0.9434	0.9346	0.9259	0.9174	0.9091	0.9009	0.8929	0.8850	0.8772	0.8696	0.8621	0.8333	0.8065	0.8000	0.7692
2	1.9704	1.9416	1.9125	1.8831	1.8534	1.8234	1.7931	1.7625	1.7316	1.7004	1.6689	1.6372	1.6052	1.5729	1.5404	1.5078	1.4588	1.4040	1.3809	1.3289
3	2.9410	2.8839	2.8266	2.7691	2.7113	2.6532	2.5948	2.5361	2.4771	2.4178	2.3582	2.2983	2.2382	2.1779	2.1173	2.0564	1.9813	1.9019	1.8520	1.7611
4	3.9020	3.8077	3.7171	3.6269	3.5368	3.4465	3.3559	3.2649	3.1735	3.0817	2.9895	2.8969	2.8039	2.7105	2.6168	2.5228	2.4284	2.3246	2.2616	2.1462
5	4.8534	4.7135	4.5787	4.4458	4.3126	4.1791	4.0453	3.9112	3.7768	3.6421	3.5071	3.3718	3.2362	3.1003	2.9642	2.8279	2.6834	2.5500	2.4569	2.3111
6	5.7955	5.6014	5.4172	5.2421	5.0757	4.9173	4.7665	4.6225	4.4855	4.3553	4.2305	4.1114	3.9975	3.8887	3.7845	3.6847	3.5255	3.3820	3.2514	2.9427
7	6.7282	6.4720	6.2303	6.0021	5.7864	5.5824	5.3893	5.2064	5.0330	4.8684	4.7122	4.5635	4.4226	4.2883	4.1604	4.0388	3.8046	3.6223	3.4611	2.8021
8	7.6517	7.3255	7.0197	6.7327	6.4632	6.2108	5.9743	5.7528	5.5453	5.3518	5.1714	4.9979	4.8306	4.6698	4.5154	4.3673	4.0432	3.8122	3.6289	2.9247
9	8.5660	8.1622	7.7861	7.4353	7.1078	6.8017	6.5152	6.2489	5.9952	5.7539	5.5242	5.3052	5.0968	4.8989	4.7116	4.5354	4.0830	3.8019	3.5681	2.8190
10	9.4713	8.9826	8.5302	8.1109	7.7217	7.3601	7.0236	6.7101	6.4177	6.1446	5.8892	5.6502	5.4262	5.2161	5.0186	4.8332	4.1925	3.8819	3.5705	2.8615
11	10.368	9.7868	9.2526	8.7605	8.3064	7.8869	7.4987	7.1390	6.8052	6.4951	6.2085	5.9377	5.6819	5.4407	5.2133	5.0000	4.2771	3.9257	3.6564	2.9173
12	11.255	10.575	9.9540	9.3851	8.8633	8.3838	7.9427	7.5381	7.1607	6.8137	6.4924	6.1944	5.9176	5.6603	5.4226	5.1991	4.4122	4.0257	3.7251	2.9403
13	12.134	11.348	10.635	9.9856	9.3936	8.8527	8.3577	7.9038	7.4869	7.1034	6.7499	6.4235	6.1218	5.8424	5.5831	5.3423	4.5327	4.1124	3.7801	2.9523
14	13.004	12.108	11.296	10.563	9.8986	9.2950	8.7455	8.2442	7.7862	7.3667	6.9819	6.6282	6.3025	6.0021	5.7245	5.4675	4.6109	4.1516	3.8241	2.9487
15	13.865	12.849	11.938	11.118	10.380	9.7122	9.1079	8.5996	8.0807	7.6061	7.1909	6.8109	6.4624	6.1422	5.8474	5.5755	4.6755	4.0913	3.8593	2.9582
16	14.718	13.578	12.561	11.652	10.838	10.106	9.4468	8.8514	8.3126	7.8237	7.3782	6.9740	6.6039	6.2651	5.9542	5.6685	4.7286	4.0333	3.8874	2.9832
17	15.562	14.292	13.166	12.166	11.274	10.477	9.7632	9.1216	8.5436	8.0216	7.5488	7.1196	6.7291	6.3728	6.0472	5.7487	4.7749	4.0591	3.9099	2.9948
18	16.398	14.992	13.754	12.659	11.690	10.828	10.059	9.3719	8.7556	8.2014	7.7018	7.2497	6.8399	6.4674	6.1280	5.8178	4.8122	4.0799	3.9279	3.0037
19	17.228	15.678	14.324	13.134	12.085	11.158	10.336	9.6038	8.9501	8.3649	7.8393	7.3658	6.9380	6.5504	6.1962	5.8775	4.8435	4.0967	3.9424	3.0105
20	18.048	16.351	14.877	13.590	12.462	11.470	10.594	9.8181	9.1285	8.5136	7.9633	7.4694	7.0248	6.6231	6.2593	5.9288	4.8696	4.1103	3.9539	3.0158
21	18.857	17.011	15.415	14.029	12.821	11.764	10.836	10.017	9.2822	8.6487	8.0751	7.5620	7.1016	6.6870	6.3125	5.9731	4.8913	4.1212	3.9631	3.0198</